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# ANNUAL REPORT OF THE ADMINISTRATOR FOR 1997 AND RELATED MATTERS

## INTRODUCTION BY THE ADMINISTRATOR

The year 1997 was important for UNDP on several fronts. UNDP actively supported the United Nations reform proposals announced in March and July. The organization further strengthened its substantive identity in policy dialogue and in programme activities based on its mission to help to eradicate poverty through sustainable human development. Demand for UNDP support to good governance - a key part of the enabling environment for poverty eradication - increased.

UNDP implemented organizational changes designed to make it a leaner, more efficient and more effective organization with stronger accountability, a culture of cost-consciousness and a sharper focus on country operations.

Issues identified in the annual report of the Administrator for 1996 were addressed, namely, strengthening the country offices and the organization's commitment to the resident coordinator system; narrowing the focus of UNDP work, giving priority to gender issues and countries in special circumstances; and implementing management actions to accelerate change, following Executive Board decision 97/15, and to enhance the organization's governance.

UNDP has set time-bound objectives for the year 1998 with regard to:

(a) Improving the effectiveness of country offices;

(b) Becoming more of a learning organization;

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(c) Strengthening further its accountability, efficiency and governance;

(d) Mobilizing resources; and

(e) Playing an active part in the reform of the United Nations.

The main challenges facing UNDP in 1998 are: to remain an active partner in the United Nations reform process; to continue to reform itself; and to mobilize additional financial resources to help programme countries to accelerate their progress in combating poverty.

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## INTRODUCTION

1. The annual report of the Administrator for 1997 highlights the main achievements of UNDP in 1997 and the challenges for 1998 and beyond. In doing so, the report reviews progress against planned actions identified in the annual report for 1996 with regard to: (a) strengthening the UNDP country offices and commitment to the resident coordinator system; (b) narrowing the focus of UNDP work, paying particular attention to gender issues and countries in special circumstances; and (c) implementing management actions to accelerate change in UNDP and improve the overall governance of the organization.

2. The report is organized according to three key elements for UNDP to review jointly with the Executive Board. Chapter I examines the role of UNDP in the United Nations system, particularly in the implementation of the reforms announced in 1997, the resident coordinator system and the integrated follow-up to global conferences. Chapter II presents highlights of 1997 achievements, specifically as they relate to the 1996 challenges of narrowing the focus and building a leaner and more efficient learning organization. Considered with the other parts of the annual report (especially DP/1998/17/Add.1 and Add.2), chapter II provides a sample of UNDP work at the country, regional and global levels. Chapter III summarizes the main challenges that UNDP faces in the coming year in its continuing efforts to become the organization that the Board, its stakeholders and partners have envisioned.

3. The relationship with the Executive Board in 1997 became one of greater interaction, with more clearly defined objectives to match policy decisions with resources needed to implement them. An annual work plan was introduced. Meetings became more strategic and results-oriented and included more substantive dialogue such as a panel discussion on poverty eradication during the annual session and a workshop on UNDP focus at the end of the third regular session.

## I. UNDP PLAYING ITS PART IN THE UNITED NATIONS

4. In line with decision 94/14, UNDP has actively sought to fulfil its role as an integrating force for the United Nations system at the country level. The Secretary-General's announcement of broad reforms in July made 1997 a year of special challenges for UNDP work in reinforcing the United Nations presence at the country level and enhancing its commitment to development. Together with other partners, UNDP played an important role at three different levels:

(a) Implementing measures to reform the United Nations;

(b) Strengthening the resident coordinator system;

(c) Actively promoting strategic follow-up to major global conferences.

## A. UNDP and United Nations reform

5. UNDP has strongly supported United Nations reform and is actively engaged, at both the headquarters and the country levels, in implementing General Assembly resolution 52/12. UNDP collaborated with other United Nations funds and programmes to build greater common understanding, policy coherence and coordination in development operations. UNDP pushed these reforms forward at different levels.

6. At the institutional level, the Administrator chairs the United Nations Development Group (UNDG), created by the Secretary-General to achieve greater coordination and policy coherence of the organization's development work. He also chairs the UNDG Executive Committee, composed of representatives of UNDP, the United Nations Population Fund and the United Nations Children's Fund, with the participation of the World Food Programme. In addition, the Administrator is a member of the Secretary-General's Senior Management Group.

7. The Office of United Nations System Support and Services was transformed into the Development Group Office. The Office has been significantly strengthened through the secondment of senior personnel from other United Nations entities, including one staff member from UNICEF and one from UNFPA in 1997, with a further two planned in 1998. The Bureau for Resources and External Affairs (BREA), jointly with the new Bureau for Planning and Resource Management (BPRM), worked to ensure that UNDP reforms are adjusted to implement United Nations reforms and give added impetus to the United Nations reform process.

8. At the policy level, UNDP led the process in UNDG for the preparation of a United Nations System-Wide Approach for the Eradication of Poverty, at the request of the Secretary-General. As part of the Secretary-General's vision that human rights are a cross-cutting element of development activities, UNDP has worked with its partners in UNDG, and in particular the Office of the High Commissioner for Human Rights, to make the right to development a central feature of United Nations development activities in the context of promoting poverty eradication. To stimulate further work in this area, UNDP authored a paper entitled "Integrating Human Rights with Sustainable Human Development".

9. At the substantive and operational level, the United Nations Development Assistance Framework (UNDAF) represents a core element in implementing United Nations reform at the country level. UNDP attaches great importance to the successful piloting of the UNDAF exercise and to its potential for accelerating the harmonization of the policies, programmes and procedures of the United Nations system in response to the sustainable human development needs of programme countries. Together with other UNDG members, and under the leadership of DGO, UNDP participated in the preparation of guidelines for producing UNDAFs and piloting the exercise in 18 countries.

10. Greater complementarity between UNDAF and the World Bank's Country Assistance Strategy has been sought and two countries have been selected as pilots in 1998. In keeping with the Secretary-General's view that UNDAF should be inclusive of all United Nations bodies, the specialized agencies and the regional commissions have been encouraged to participate in the UNDAF exercise. A joint meeting of the UNDP/UNFPA and UNICEF Executive Boards in January 1998

focused on how UNDAF is being applied at the country level. Viet Nam was used as an example.

11. Building on work already initiated, UNDP pursued the harmonization of programming periods with those of other United Nations funds and programmes through the country cooperation framework (CCF) process and the extension of country programmes. By the end of 1997, programming periods in a total of 27 countries had been harmonized with 54 more planned by 1999. The country strategy note (CSN) process was active in 27 countries, with drafts prepared in a further 19 countries and a work plan established in a further 15 countries. The resident coordinator system facilitated the CSN process in all countries where the Government has expressed an interest in it.

12. At the operational level, the process of establishing resident coordinator system guidelines on administrative management at the country level was under way in areas such as communications, procurement, personnel, financial and legal services, buildings and maintenance, and joint security.

## B. Resident coordinator system

13. Based on legislation linking the resident coordinator and the resident representative of UNDP, and in line with the United Nations reform package announced by the Secretary-General in July and endorsed by the General Assembly in its resolution 52/12, UNDP continues to fulfil its responsibility as manager and funder of the resident coordinator system.

14. Significant progress was made in widening the pool for the selection of resident coordinators. In 1997, the percentage of resident coordinator appointees from United Nations organizations other than UNDP rose to 25 per cent. The widening of the pool was also facilitated by the increase in submissions of qualified candidates by other United Nations organizations. UNDP, with its UNDG partners, engaged in drafting an up-to-date and comprehensive job description for the resident coordinator to be reviewed during 1998 by the Consultative Committee on Programme and Operational Questions (CCPOQ) on behalf of the Administrative Committee on Coordination (ACC). Guidelines were issued for the annual reports of resident coordinators, which are to include a joint assessment by the United Nations country team on its fulfilment of its annual work plan in meeting, inter alia, the poverty eradication and sustainable human development goals defined by their country of assignment.

15. Competency assessment was introduced to ensure a close fit between resident coordinators and their assignments. UNDP spearheaded the development of a competency-assessment model by which candidates for appointment as resident coordinators can be judged. UNDP played an active role in the UNDG working group on resident coordinator matters, including ways to improve the selection process.

16. After consultation with the other UNDG members, the Administrator provided written guidance to resident coordinators on the reporting lines and accountability for their function as resident coordinators, instructing them to

distinguish between their roles as resident coordinator and resident representative of UNDP. Special support, including mentors, was provided for new resident coordinators and United Nations country teams. UNDP actively participated in the redesign of workshops on the management of field coordination and continues to share the cost of managing this programme with the United Nations Staff College project.

## C. Follow-up to global conferences

17. Resident coordinators and the United Nations country teams have a special responsibility to work with Governments on the implementation of the programmes of action emanating from the global conferences held under the auspices of the United Nations and translated into targets in the "Strategy for the 21st century" of the Development Assistance Committee of the Organization for Economic Development and Cooperation (OECD/DAC). The three inter-agency task forces, established by ACC to ensure effective and integrated follow-up to these conferences, are complemented by the work of the resident coordinator and the United Nations country team at the national level.

18. Following a CCPOQ workshop on conference follow-up in Turin in December 1997, it has been proposed that the work of the task forces should be followed up by flexible networking arrangements with task managers, where CCPOQ would play a guiding role on behalf of ACC. The continuing objective of these arrangements would be to provide operational guidance to the resident coordinator system on conference follow-up.

19. Working with the United Nations Department of Economic and Social Affairs (DESA) and ACC and its subsidiary machinery, the Administrator and UNDG are providing guidance to the resident coordinator and the United Nations country team on how to use conference outcomes in United Nations operational activities.

20. As specific follow-up to the World Summit for Social Development (WSSD), thematic groups on poverty eradication had been established in 40 countries by the end of 1997. All proposed UNDP interventions (CCFs, programme outlines, etc.) are screened by the organization's Programme Management Oversight Committee (PMOC), using sustainable human development criteria that include follow-up to WSSD. In addition, UNDP has helped 98 countries to design and implement anti-poverty strategies. One hundred countries from around the world have formulated their own national human development reports with UNDP support (see annex II to document DP/1998/17/Add.2). UNDP actively supported country-level implementation of the 20/20 initiative that enables programme country Governments to mobilize donor contributions to match the 20 per cent of budget expenditure they allocate to basic social services.

21. The UNDP-commissioned Human Development Report 1997 focused on the multi-dimensional and complex nature of poverty, new ways to measure it (e.g., the human poverty index), and feasible strategies for combating it. UNDP focused on indicators for monitoring poverty from a multidimensional perspective at the country level. An annual progress report on poverty eradication, distilling experience gained in a diverse range of countries at different phases

of development, will be launched in October 1998. This report is to contribute to preparations for the WSSD review in the year 2000.

22. On employment, another WSSD theme, UNDP has actively participated at country and global levels in the Inter-agency Task Force on Employment and Livelihoods, chaired by the International Labour Organization. UNDP has built on the sustainable livelihoods concept and has led two of the seven task force country reviews. Twenty-five poor countries are receiving UNDP support through the MicroStart Project, initiated in 1996, that creates jobs and income-generating activities.

23. Also in partnership with others, UNDP launched the World Alliance against Poverty - a global network of cities committed to the objectives of the Second United Nations Conference on Human Settlements (HABITAT II). UNDP organized the first International Colloquium of Mayors in July 1997 (see also below on the increasing role of UNDP in the area of governance), attracting mayors and local officials from 70 countries to focus on managing cities in a globalizing world, to strengthen partnerships between the public sector, the private sector and civil society organizations (CSOs), and to promote equity in urban areas worldwide.

24. In follow-up to the Fourth World Conference on Women, UNDP supported 35 countries in developing national action plans. A special $1 million gender facility allocation was provided to improve UNDP programming in 30 countries for gender equality and the advancement of women and to promote cooperation with the United Nations Development Fund for Women (UNIFEM) at the country level. UNIFEM is a key partner in a new pilot initiative in ten countries. UNDP experience and lessons learned in gender-mainstreaming contributed to the substantive session of the Economic and Social Council at which the Council adopted the agreed conclusions 1997/2 on mainstreaming the gender perspective into all parties and programmes in the United Nations system.

25. UNDP also increased its commitments to gender-mainstreaming and the advancement of women through policy, programme and institutional measures. The Administrator instructed that 20 per cent of financial resources should be allocated to promoting gender equality and the advancement of women, through global, regional and country programmes for this purpose. As indicated in document DP/1998/17/Add.2, UNDP took action on several fronts. The "Guidance Note on Gender Mainstreaming", based on lessons learned at headquarters and in country offices, was issued to guide management in implementing the UNDP policy commitment to gender equality. Twenty UNV gender specialists were designated to strengthen country-level activities. UNDP associated UNIFEM more closely with its decision-making process, including the approval of CCFs and advisory notes. Details of the UNDP corporate policy on gender balance are given in paragraph 71.

26. In UNFPA follow-up to the International Conference on Population and Development (ICPD), UNDP has provided complementary support. For example, the Special Unit for Technical Cooperation among Developing Countries and the regional programme for Africa have established the Regional Prevention of Maternal Mortality Network.

27. In follow-up to the United Nations Conference on Environment and Development (UNCED), UNDP is complementing the support provided by other partners and through Capacity 21 is helping Governments in 70 countries to formulate sustainable development policies that integrate environmental factors into their social and economic policies and plans. The Office to Combat Desertification and Drought (UNSO), in collaboration with partners, is helping 55 countries in Africa, the Arab States, Asia, the Caribbean, the Commonwealth of Independent States and Latin America to combat desertification. UNDP is also working with other partners in assisting in the implementation of the Montreal Protocol agreements towards the elimination of chlorofluorocarbons and ozone-depleting substances through 500 activities in 50 countries.

28. As an element of the active follow-up of the Food and Agriculture Organization of the United Nations to the World Food Summit Action Plan and complementing the support of other partners, UNDP is assisting programme countries in national capacity-building for food security. Document DP/1998/17/Add.2 gives additional information.

29. In the follow-up to the Barbados Programme of Action for the Sustainable Development of Small Island Developing States (SIDS), the Special Unit for Technical Cooperation among Developing Countries (TCDC), inter alia, prepared the Small Island Developing States Technical Assistance Programme (SIDSTAP) and, in collaboration with the Sustainable Development Network Programme (SDNP), supported the launching of a pilot SIDS information network (SIDSNET) in 1998. Document DP/1998/17/Add.3 gives further information.

30. In follow-up to the High-Level Meeting on Integrated Initiatives for Least Developed Countries on Trade and Development held in October 1997 and the Executive Board's endorsement of the Integrated Framework for Trade, emanating from the meeting, UNDP prepared guidelines for trade round-table meetings. Round-table meetings planned for 1998 by the Governments of Chad, the Gambia, Mali and Sao Tomé and Principe focus on trade. An oral report on UNDP follow-up to this framework will be provided during the annual session.

31. In addition, in follow-up to the World Conference on Human Rights in 1993, UNDP prepared a paper on integrating human rights with sustainable human development, as explained in paragraph 8 above.

## II. UNDP REFORMING AND PERFORMING: HIGHLIGHTS OF 1997 ACHIEVEMENTS

32. Further to Executive Board decision 97/15 and in line with the three-year change-implementation plan outlined in document DP/1997/CRP.22, overall targets for the end of 1997 were met, as indicated in the progress report on the implementation of change management (DP/1998/CRP.7) submitted to the Board at its second regular session 1998.

33. UNDP streamlined its headquarters, separating corporate and operational functions. The new Bureau for Programme and Resource Management aligned finance, human resources and information systems with the corporate strategic-planning function. The new Operations Support Group links the regional bureaux

to one another and is responsible for cross-functional teamwork and efficient integration and standardization of problem-solving strategies in all countries, including those in crisis and special circumstances. The former Office of Evaluation and Strategic Planning was replaced by the Evaluation Office, ensuring that the evaluation function remains independent.

34. Principles and responsibilities for implementing change were adopted and ownership of the change process was fostered throughout the organization. The Change Implementation Committee was established to monitor progress, to identify bottlenecks and to review other change-related issues. Change became a standing item on the agenda of the highest management and policy body in UNDP, the Executive Committee. Resident representatives have organized meetings to accelerate change in country offices. Ten resident representatives/resident coordinators have been included in an expanded Executive Committee on change to ensure that the field perspective is fully captured in discussions and decision-making on change.

35. Headquarters senior managers prepared compacts with the Administrator with benchmarks for accelerating reform in 1998 with regard to: the effectiveness of country offices; measures to make UNDP a modern learning organization; accountability and efficiency; resource mobilization; and the role of UNDP in the United Nations. In the same spirit of shared responsibility, resident representatives signed compacts with the Directors of the regional bureaux. The compacts were used to develop the 1998 UNDP strategic plan, made available at the second regular session 1998.

## A. At the policy level

36. During the year, UNDP developed a strategy for narrowing its focus within the focus, based on the principles embodied in decision 94/14. Guiding principles were established in close consultation with the Board, including discussions during a one-day workshop in September 1997. The Board approved these principles in its decision 98/1.

37. In close cooperation with programme countries, UNDP made special efforts throughout the year to refine its focus through (a) programming instruments such as advisory notes, CCFs, regional frameworks, a global cooperation framework and, more recently, the UNDAF exercise and (b) application of the resource-allocation criteria developed with the Board in the context of applying the successor programming arrangements. By the end of 1997, the Board had approved 119 CCFs and regional cooperation frameworks for each of the geographic regions in which UNDP operates.

38. To project a clearer image to a wide range of constituencies, including parliamentarians, the media and non-governmental organizations, UNDP disseminated clearer messages on the difference UNDP makes to the lives of the poor and produced a new type of illustrated annual report. The organization's publications policy was revised. Document DP/1998/23 gives details of implementing the corporate communications and advocacy strategy and Executive Board decisions 96/22 and 97/17.

39. Governance is one area in which demand for UNDP support has increased in recent years. Experience has shown that sustainable human development depends on good governance and the empowerment of individuals and communities to participate in the decisions that affect their lives. Good governance is predicated on a proper balance between State action, the private sector and civil society.

> "The State, it is increasingly understood, is not a creator of wealth, but a facilitator and catalyst of development. An essential function of the State is to provide an enabling environment: in which investment can take place, wealth can be created, and individuals can prosper and grow."
>
> *Kofi Annan, Secretary-General*

Concern to find effective local solutions to governance was reflected in the UNDP-hosted Conference on Governance for Sustainable Growth and Equity, held in New York in July 1997, in which over 1,000 high-level ministers, parliamentarians, mayors and representatives of civil society, business and development organizations participated.

40. UNDP is according highest priority to meeting programme-country demand for governance services. Support to governance for poverty eradication now represents a significant share of UNDP programming. Almost 70 per cent of CCFs covering the period 1997-1999 include a component in support of decentralization; 65 per cent of them have a component in support of civil society organizations; and just under 65 per cent of them have a component in support of governing institutions. The Evaluation Office undertook evaluations of governance issues at the regional level to compare experiences across countries and to draw lessons to feed into organizational learning.

41. The Administrator announced a $36 million pilot programme in 1997 to support innovative approaches to governance in developing countries in all regions. The aims of the four-year global initiative are to test new ideas and approaches to promoting good governance and to support activities by a range of partners, including civil society organizations, the media, human rights organizations and parliaments. Over 75 countries are expected to receive assistance through this programme.

42. In countries in complex emergency situations, demand for UNDP support has increased significantly. By the end of 1997, UNDP had over 120 interventions, costing about $100 million, in 36 countries and three subregional groupings in special development situations. These interventions fall into three broad categories: programme responses to complex development situations, during and after crisis, through strategic frameworks or special programmes initiatives; immediate support to strengthen the ability of the country (or the United Nations system) to provide an urgent and coordinated response to sudden crisis; capacity-building to prevent crises, to mitigate their effects, and to rebuild after their occurrence.

43. UNDP provided support in: area rehabilitation and reintegration programmes, including area-based development and reintegration of uprooted

populations; capacity-building in governance in areas of peace-building and/or post-crisis recovery, including strengthening or rebuilding justice systems, human rights appreciation and observance, national and local elections; capacity-building for disaster mitigation; reintegration of demobilized soldiers; and demining. Documents DP/1998/18 and DP/1998/17/Add.1 give details. As noted below, UNDP took action in its human resource management to support these efforts.

44. UNDP strengthened participation of civil society organizations in its policy work by approving: a policy statement that reiterates the importance that UNDP attaches to people-centred processes and provides a framework for collaboration with CSOs; procedures for programme execution by NGOs; and a public information disclosure policy.

45. Cutting across the support of UNDP to governance is the organization's commitment to focusing on developing sustainable capacities that take into account the specifics of each country. Technical cooperation among developing countries is an instrument used for this purpose, one that has been used in areas of trade, investment and macroeconomic policy to help developing countries to enhance their capacity to analyse and manage the effects of globalization.

46. To facilitate the participation of programme countries in a globalizing world, UNDP launched a special information and communications technology programme. The programme aims at strengthening national capacity for, and use of, information and communications technology in education, health, natural resource management, small enterprise development and participatory decision-making processes. Other examples of progress in this area include: the extension of the Sustainable Development Networking Programme to 39 countries and the preparation of the Small Island Developing States Network (SIDSNET) for launch in 1998 for 42 island states. Document DP/1998/17/Add.2 gives details.

47. To move technical support closer to country offices and to promote rapid and extensive exchange of learning across regions, UNDP prepared a strategy for launching the subregional resource facilities (SURFs) concept approved by the Executive Board in decision 97/15. Based on the experience of pilots already operating in Pakistan and Thailand, it was envisaged that, as a first step, one country office in each of the other four geographic regions should be selected to pilot the application of the SURF concept. Document DP/1998/CRP.8 outlines the implementation of the global hub/SURF system.

## B. At the operational level

48. Priority was given to fostering a culture of accountability and ensuring that business is done economically, efficiently and effectively, with staff at all levels held accountable for their performance and use of resources. UNDP issued its first annual accountability bulletin to guide staff on organizational values and acceptable performance and conduct. Further details, including action relating to increased decentralization of decision-making, are given in document DP/1998/26.

49. Emphasis was placed on making UNDP more of a learning organization. UNDP is using information and communications technology to transfer know-how and best practices, putting materials for capacity development - such as the Electronic Resource Book on Capacity Development - on the UNDP MagNet web site. The central evaluation database (CEDAB) was made available to all country offices and the Evaluation Office launched a web site on Intranet and Internet (DP/1998/19) gives further details. All country offices are scheduled to be linked to the Internet by the end of 1998. The integrated management information system project covering UNDP human resources became fully operational.

50. Nineteen ninety-seven was a critical year for enhancing the understanding between the Executive Board and UNDP on the application of national execution, culminating in important legislation with regard to UNDP non-core and national execution activities. National execution procedures were revised and simplified, taking into account: the results of evaluation; consultations with the Board and United Nations entities, including the specialized agencies, the United Nations Board of Auditors and the United Nations Office of Legal Affairs; and the outcome of a global workshop in the Gambia involving the participation of the Government and United Nations specialized agencies.

51. Compliance with national execution audit requirements improved. At the regional and country level, UNDP strengthened the regional audit service centres in Malaysia and Zimbabwe and contracted further country office audits with the aim that 50 per cent of country offices in Africa, Asia and the Pacific, and the Arab States would have had contracted audits by the end of 1988. UNDP also started work with the rest of the United Nations on common standards for conducting investigations. Document DP/1998/26 gives additional information on outputs and processes.

52. The UNDP 2001 change process emphasized the need for the organization to become more results-oriented. The Evaluation Office concentrated on developing results-based monitoring and evaluation policies, methodologies and tools. The main achievements in this area were (a) a joint study with the Swedish International Development Cooperation Agency on performance measurement and management and (b) the user-friendly guide, Results-oriented Monitoring and Evaluation: A Handbook for Programme Managers. These are serving as building blocks for a results-based management system in UNDP.

53. In the difficult area of impact and performance measurement, the newly established Evaluation Office prepared an action plan with three main elements: providing more systematic access to empirical evidence gathered by UNDP and other development organizations on performance in sustainable human development areas; strengthening accountability by making management responsible for implementing recommendations made in evaluations; and developing an operational framework for assessing and reporting on results. Document DP/1998/19 provides details.

54. The Executive Board approved the zero-growth biennial support budget for 1998-1999, following the 19 per cent reduction in real terms implemented during the period 1992-1997. The budget was presented for the first time in a newly developed format that is fully harmonized with the budget presentations of

UNICEF and UNFPA. The budget incorporated strategic redeployment of resources to finance major change initiatives from within the overall budget envelope.

55. Progress in efficiency gains has been made through measures suggested by country office and headquarters staff. At the time of preparation of the present report, these measures were being monitored to ascertain: what was under way; what remained to be done; and what was not feasible. Headquarters launched a pilot phase of the Better Meetings Programme. Financial processes have been streamlined and measures have been introduced to strengthen the financial-management capacity of country offices. The Financial Information Management system has been issued organization-wide and training has been provided.

56. In human resource management, UNDP placed increased emphasis on organizational values and accountability. UNDP implemented a new competency-based human resource strategy and paid special attention to the competencies of, and career opportunities for, national Professional staff, accounting for over 80 per cent of UNDP staff.

57. UNDP introduced a resource learning catalogue and launched the second phase of its management development programme with special emphasis on team-building skills. Work was initiated to establish a UNDP emergency roster, to identify UNDP staff who could be trained and then quickly redeployed to countries with temporary staff needs or to bridge gaps. The appointment of a special adviser on staffing in complex emergencies and their aftermath was envisaged. The Merit Reward Programme, set up to provide recognition for specific examples of excellence and exceptional achievement, was expanded to cover the whole organization.

58. Women now constitute one third of senior managers at headquarters. Three of the seven Assistant Administrators are women. The number of women resident representatives has almost doubled since 1995 and the target for women at the D-2 level was met. To improve its gender balance further, UNDP prepared the second phase of its policy, covering the period 1998-2001.

59. As reported in document DP/1997/16, UNDP took a number of measures to improve delivery of its programmes with full attention to quality. As a result, the overall situation improved, with the exception of some special cases outlined in document DP/1998/26. At the time of preparing the present report, 1997 core programme delivery was estimated at about $643 million, 20 per cent higher than in 1996. The increased delivery was not, however, matched by the expected increase in core resources. The annual review of the financial situation and the 1998-1999 budget will be submitted to the Board at its third regular session 1998.

## III. UNDP 1998 AND BEYOND: MAIN CHALLENGES

60. Building on progress to date as highlighted above, UNDP will seek to anticipate and adjust to the evolving development cooperation environment to

make itself a valued partner and supplier of strategic development services. The main challenges facing UNDP in 1998 are to:

(a) Remain an active player in the reform of the United Nations;

(b) Continue to reform itself;

(c) Mobilize resources;

(d) Forge new strategic partnerships; and

(e) Strengthen further its partnership with the Board.

Details of the UNDP 1998 strategic plan were presented to the Board at its second regular session 1998 in document DP/1998/CRP.7.

## A. UNDP and United Nations reforms

61. UNDP will have an important part to play in helping UNDG to fulfil its goals for 1998 in six main areas: strengthening the resident coordinator system; implementing the UNDAF concept; promoting UNDG dialogue with the Bretton Woods institutions on policy and operational issues; implementing the United Nations House concept; encouraging joint UNDG initiatives on major issues of development policy; and rationalizing institutional arrangements for coordination.

62. In strengthening the resident coordinator system, UNDP will continue its cooperation with the members of UNDG and ACC in all areas. UNDP will remain a pro-active team player in developing a UNDG-endorsed action plan for the system, broadening the pool of candidates from which resident coordinators are selected, introducing performance appraisal systems for the resident coordinator and his/her country team, reviewing training needs of the resident coordinators and United Nations country teams, and identifying and disseminating good practices.

63. With regard to UNDAF, UNDP with other UNDG members will use lessons learned from the 18-country pilot phase to fine-tune the guidelines and apply the exercise progressively in all countries and to clarify the relationship between UNDAF, CSN and other programming instruments. UNDP is committed to simplifying and harmonizing all programming tools and to reducing them to a strict minimum.

64. UNDAF in the ongoing pilot countries will also enable UNDP to strengthen its dialogue with programme countries and with other development partners, including donors, NGOs and international financial institutions. Complementarity will be sought between UNDAFs and the World Bank's Country Assistance Strategy (CAS) process, through piloting two countries in 1998.

65. With regard to UNDG dialogue with the Bretton Woods institutions, the main challenges will be to play an active role in: the UNDAF-CAS interface; the start-up of United Nations-World Bank knowledge network links; the clarification of the respective roles of the United Nations and the World Bank in grant-based

technical cooperation for capacity-building; and identification of areas for collaboration with the International Monetary Fund.

66. To promote the United Nations House concept, UNDP will work with its UNDG partners to establish new common premises in eligible countries, especially in the context of the UNDG Working Group on Common Premises, currently led by UNICEF, developing common services wherever feasible, and building on lessons learned from pilot cases.

67. To encourage joint initiatives on major issues of development policy, the main challenges for UNDP, working with its partners in the UNDG, will be: to participate in, and ensure follow-up to, the triennial policy review of operational activities for development within the United Nations system; to review the United Nations role and experience in capacity-building; to ensure effective United Nations participation in the Tokyo International Conference on African Development (TICAD II); and to formulate policy guidance to United Nations country teams on linkages between humanitarian, peacekeeping, human rights and development for the fiftieth anniversary of the Universal Declaration of Human Rights.

## B. UNDP internal reforms

68. In implementing its own internal reforms, the main challenges facing UNDP will be to remain a relevant, responsive and forward-looking organization within the context of the ongoing United Nations reforms. The targets for 1998 are given in the 1998 strategic plan presented to the Board at its second regular session 1998.

69. At the operational level, UNDP faces the following key challenges in 1998:

(a) Enhancing the effectiveness of country office support to programme country development efforts in accordance with national development plans and priorities, by ensuring full implementation of the guiding principles for UNDP focus, approved in decision 98/1;

(b) Strengthening UNDP capacity for speedy, responsive and high-quality development services to meet the sustainable human development needs of programme countries;

(c) Improving UNDP capacity to achieve results-based management, effective monitoring of programme delivery and the application of evaluation results, aiming at better impact on development cooperation; and

(d) Mobilizing resources in support of its operational activities.

70. Major management-level issues for 1998 are:

(a) Integrating the key essence of UNDP 2001 to ensure full ownership of the change management practices at the management levels of headquarters and country offices;

(b) Strengthening UNDP as a learning organization;

(c) Implementing the accountability framework, as well as the ethics programme, to strengthen organizational values, accountability and performance measurement; and

(d) Reviewing the implementation of the successor programming arrangements.

## C. Resources

71. Human resource management will remain a priority. Building on the competency-based human resource strategy launched in 1997, core competencies will be developed to enable the new UNDP to deliver top-quality development services. Challenges will be: to intensify the application of the accountability framework; to encourage all staff to take full ownership in self-assessment and performance indicators for team and individual performance; and to empower staff to maximize their potential. Investments will be made in strategic staff development and training. Priority will be given to upgrading specialized skills and for improving teamwork and business processes. Gender balance will remain the linchpin of the UNDP human resource strategy.

72. While much change and reform is being implemented, progress has not been matched by a rise in core resources. As a result, reversing the consistent decline in core resources represents the most important strategic goal for 1998 for UNDP and all its partners. At the date of preparing the present report, it was estimated that voluntary contributions to UNDP core resources in 1998 would be below the 1997 level and significantly below the annual average amount indicated for 1997-1999 in decision 95/23.

73. The Administrator is taking vigorous action to reverse the decline in core resources in the short and longer terms. As immediate measures, UNDP has appealed to major donors to ensure that core resources for 1998 do not fall below the 1997 level and has explored numerous ways of better protecting the dollar value of its financial resources. For the medium to longer term, in follow-up to General Assembly resolution 50/227 and in line with Executive Board decision 98/3, UNDP is facilitating the work of the ad hoc open-ended working group charged with defining a more sustainable funding strategy for UNDP in the future. The working group's final report is expected to be submitted to the third regular session 1998. UNDP will also continue to simplify cost-sharing and trust fund agreements to give impetus to country-office resource-mobilization efforts; to improve financial reporting of non-core funds; and to explore how to attract financing from the private sector.

## D. New partnerships

74. In order to help programme countries accelerate their progress in poverty eradication and sustainable human development, UNDP will seek new strategic partnerships with other suppliers of development services - within the United Nations, and with international financial institutions, CSOs and NGOs, the

private sector and bilateral donors. Priority will be given to: reviewing the relationship with the World Bank; forging new partnerships with the United Nations specialized agencies and the regional commissions; continuing to build on existing partnerships with associated funds and programmes, notably UNCDF, UNIFEM and UNV; and strengthening partnerships with the European Commission and bilateral donors. For instance, in the case of Japan, UNDP has pioneered multi-bicooperation and is co-organizing TICAD II in October 1998 to translate the political commitment agreed at TICAD I in 1993 into concrete actions at the country level.

## E. Strengthening the partnership with the Executive Board

75. The main challenges for the further strengthening of the UNDP partnership with the Executive Board at the strategy, policy and operational levels, will be to:

(a) Link policy decisions with resources through ongoing work in the ad hoc open-ended working group;

(b) Define clear objectives, distinguishing clearly between issues that are for information, for guidance or for decision;

(c) Review the successor programming arrangements approved in decision 95/23;

(d) Follow-up on legislation - such as decisions 94/14 on the initiatives for change, 97/15 on change management, 98/1 on the focus of UNDP work, 98/3 on the review of policy implication of change and non-core funding;

(e) Raise the profile of UNDP and sensitize public opinion about UNDP work in the spirit of decision 97/17;

(f) Anticipate entry points for UNDP work in the future; and

(g) Contribute to the implementation of United Nations reforms, including joint sessions with the Executive Boards of other United Nations Funds and Programmes.

76. The overriding challenge in 1998 will be to work in partnership through the ad hoc open-ended working group established by decision 98/3 to define and implement a realistic funding strategy, in response to Economic and Social Council resolution 1997/59 and General Assembly resolutions 50/120, 50/227 and 52/12. Such a strategy is vital if UNDP is to implement fully the mandates given to it by its legislative bodies and, first and foremost, by its Executive Board.

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